

**Testimony of Tim Dimock, General Manager, Golden Sunlight Mines, Inc.**

**62<sup>nd</sup> Montana Legislature Jobs Listening Session**

**Saturday, January 8, 2010**

Golden Sunlight Mines supports strong, effective and responsible environmental protections. It is our view that the State of Montana and its citizens rightly regard the protection of the environment as very important. We have no quibble with that and have said repeatedly that those of us who work in this business support the same goals. Where we do find fault is with the ever-changing landscape which creates uncertainty and lack of predictability and ultimately creates, at a minimum, an atmosphere of hesitancy and at the other end of the spectrum, an outright lack of desire to conduct business in Montana.

The business of mining is extremely capital intensive. It requires investment in the millions of dollars. Even small projects or expansions, such as the East Area Project which GSM recently permitted, represent several million dollars of financial commitment by our business. To justify significant investment in our project and in Montana, we need to know three things. The first is, "Can the project, as we propose it, be permitted?" The second is, "Can we, and when will we, be able to expect a return on our investment?" And the third is, "Is Montana a state that is worthy of our investment and is Montana encouraging and supportive our investment?"

There is a great need to address these questions at the legislative level. The following is a brief summary of legislation that we have identified as important in addressing the need for predictability, certainty and investment worthy business tenants described previously.

**Changes to the Metal Mine Reclamation Act**

The Montana Mining Association, of which Golden Sunlight Mine is a member, will be proposing legislation to modify the Metal Mine Reclamation Act (MMRA) to provide better coordination with the Montana Environmental Policy Act (MEPA) review process.

We believe that there are benefits not only for the Hardrock mining industry but may be some benefits to the Montana Department of Environmental Quality as well by facilitating MEPA reviews for mining permits. The overall goal of the legislation is to provide more certainty and predictability to the permitting process. The applicant for a mining permit or amendment would be required to provide more technical data to the Montana DEQ than is currently required in the application process. The DEQ would then make a determination of compliance with applicable permitting laws and regulations prior to starting the MEPA review. This will require the applicant and DEQ to cooperatively obtain the necessary data for the "compliance" determination, and would avoid initiating a lengthy and expensive MEPA review process without knowing whether a project is permissible.

Additionally, we are working on legislation that would clarify that mines like Golden Sunlight could custom mill ore, concentrates and other materials from other sources.

We sincerely hope that the 62<sup>nd</sup> Montana Legislatures will help us put into place the predictability and the certainty that will make Montana a desirable and beneficial place to conduct business. We would like to continue being a productive member of Montana's business community for a long time to come.

## **INTRODUCTION:**

1. Senators, Representatives, and fellow Montanans, for the record my name is Tim Dimock, and I am the General Manager of Barrick's Golden Sunlight Mine in Whitehall, Montana.
2. At the Golden Sunlight Mine we currently have 204 employees and 60 contractors and we have been mining and producing gold for the past 28 years.
3. We are the last operating large scale gold mine in Montana. There has been no new gold mines with processing facilities permitted or built since the 1998 cyanide ban.

## **CYANIDE BAN IMPACT:**

4. The unintended, or perhaps intended result of Initiative I-137 that banned cyanide processing of open pit mined ores in Montana, is that the Treasure State told the entire hard rock mining industry, not just the gold mining industry, that it was closing its doors to them.
5. Mineral exploration, the crucial front-end activity of mining, was the first area to dry-up. A +\$20 million/year business in Montana has dropped to only a few million dollars per year during a time when Metal prices are at an all time high and mineral exploration should be too. States like Nevada and Alaska are seeing over a hundred million dollars of hard rock mineral exploration annually.
6. Perhaps the bigger impact is that the pipeline of development projects for new mines had dried up, so despite high metal prices, there has not been a single significant new mine construction in Montana since the cyanide ban.
7. Golden Sunlight has been able to sustain its operation within its existing property boundary, but as is the case with all active mines, our resource is finite.
8. Was the adoption of I-137 intended to end all future hard rock mining in Montana; because that may be the consequence? A message, intentional or otherwise, was sent to the hard rock mining and mineral exploration industry that the Treasure State was now closing the doors to future mining.
9. If it is Montana's intention to see these family-wage mining jobs fade into the sunset after the resources of those few remaining hard rock mines are exhausted, then no change is required. However, if we want to ensure these jobs and economic opportunities are replaced or even expanded, Montana must send a new message to the hard rock mining community.

### **STREAMLINE PERMITTING:**

10. If Montana could clarify and streamline its permitting process it would both improve the ability of mines to operate efficiently, extend current operation's mine life and gain ongoing investment for our capital intensive operations.
11. Currently the permitting of a new operation or a significant expansion of an existing operation can be waylaid in the MEPA process for years, as many as 4 years in the case of the supplemental EIS for our open pit closure.
12. Although the MEPA review is intended to be a procedural review, it has morphed into a drawn out technical analysis of multiple alternatives, at the direction of the regulators, but on the dime of the applicant.
13. This process generates uncertainty, not only in whether the permit will be received or not, but also around the amount of time that it will take to gain the permit, how much the permit process will cost and what exactly the permit might require.
14. This type of uncertainty not only makes it difficult to gain investment, but can also result in operational interruptions or even temporary or permanent layoff of employees, such as in the case of Montana Tunnels Mine.
15. We believe that there is an opportunity to streamline the permitting process and make it much more effective and predictable by clarifying that the MEPA review is indeed a procedural review, as it has always been intended, and utilizing the Metal Mine Reclamation Act, the statute under which all hard rock mines are permitted, to complete the substantive review of the permit application.
16. The Mining Association's proposal is intended to facilitate the MEPA review by requiring the applicant to supply adequate information, at its own expense, in the permit application to allow the Montana DEQ to make a determination of compliance with applicable permitting laws and regulations prior to starting the MEPA review.
  - This will focus the applicant and DEQ on first determining the "permit ability" of an application prior to initiating a resource intensive, lengthy and expensive MEPA review process.
  - The Bill returns administration of MEPA to its role as a procedural law with emphasis on public disclosure of potential impacts to the natural and human environment.

17. The Montana Bureau of Mines, and in particular, Robin McCulloch, has done a great job telling the mining and exploration industry about Montana's mineral wealth, unfortunately, Montana is currently viewed by our industry to have similar political risk to the African Congo. A positive change to the permitting process would certainly send a positive message to the mining industry, and would help a great deal to bring new mining companies back into the treasure state.
18. We sincerely hope that the 62<sup>nd</sup> Montana Legislature will help us to put some predictability and certainty into the permitting process that will make Montana a desirable and beneficial place to be a hard rock miner.